

AMENDED IN SENATE APRIL 1, 2013

SENATE BILL

No. 398

Introduced by Senator Galgiani

February 20, 2013

An act to amend Section 19556 of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

SB 398, as amended, Galgiani. Horse racing: charity days: *distribution of proceeds*.

Existing law requires each licensed racing association to designate a certain number of racing days to be conducted as charity days, and requires the net proceeds from those charity days to be distributed to beneficiaries who meet certain qualifications. Existing law also requires distributions to be made to certain nonprofit corporations and organizations, and requires that at least 20% of the distributions go to charities associated with the horse racing industry.

This bill, in addition to those required distributions, would authorize a separate distribution to be made to a nonprofit corporation or trust that has as its sole purpose the support of recognized fairs or the network of California fairs.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 19556 of the Business and Professions
- 2 Code is amended to read:

1 19556. (a) The distribution shall be made by the distributing
2 agent to beneficiaries qualified under this article. For purposes of
3 this article, a beneficiary shall be all of the following:

4 (1) A nonprofit corporation or organization entitled by law to
5 receive a distribution made by a distributing agent.

6 (2) Exempt or entitled to an exemption from taxes measured by
7 income imposed by this state and the United States.

8 (3) Engaged in charitable, benevolent, civic, religious,
9 educational, or veterans' work similar to that of agencies
10 recognized by an organized community chest in the State of
11 California, except that the funds so distributed may be used by the
12 beneficiary for capital expenditures.

13 (4) Approved by the board.

14 (b) At least 20 percent of the distribution shall be made to
15 charities associated with the horse racing industry. In addition to
16 this 20 percent of the distribution, another 5 percent of the
17 distribution shall be paid to a welfare fund described in subdivision
18 (b) of Section 19641 and another 5 percent of the distribution shall
19 be paid to a nonprofit corporation, the primary purpose of which
20 is to assist horsemen, *horsewomen*, and backstretch personnel who
21 are being affected adversely as a result of alcohol or substance
22 abuse. No beneficiary otherwise qualified under this section to
23 receive charity day net proceeds shall be excluded on the basis
24 that the beneficiary provides charitable benefits to persons
25 connected with the care, training, and running of racehorses, except
26 that type of beneficiary shall make an accounting to the board
27 within one calendar year of the date of receipt of any distribution.

28 (c) (1) In addition to the distribution pursuant to subdivision
29 (b), a separate 20 percent of the distribution shall be made to a
30 nonprofit corporation or trust, the directors or trustees of which
31 shall serve without compensation except for reimbursement for
32 reasonable expenses, and which has as its sole purpose the
33 accumulation of endowment funds, the income on which shall be
34 distributed to qualified disabled jockeys.

35 (2) To receive a distribution under this subdivision, a corporation
36 or trust must establish objective qualifications for disabled jockeys,
37 and provide an annual accounting and report to the board on its
38 activities indicating compliance with the requirements of this
39 subdivision.

1 (3) The nonprofit corporation or trust shall, in an amount
2 proportional to the contributions received pursuant to this
3 subdivision as a percentage of the total contributions received by
4 the corporation or trust, give preference in assisting qualified
5 disabled jockeys to the following:

6 (A) Jockeys who were disabled while participating in the racing
7 or training of horses at licensed racing associations or approved
8 training facilities in California.

9 (B) Jockeys licensed by the board who were disabled while
10 participating in the racing or training of horses in a state other than
11 California.

12 (d) When the nonprofit corporation or trust described in
13 subdivision (c) has received distributions in an amount equal to
14 two million dollars (\$2,000,000), the distribution mandated by
15 subdivision (c) shall cease.

16 (e) In addition to the distributions pursuant to subdivisions (b)
17 and (c), a separate distribution may be made to a nonprofit
18 corporation or trust that has as its sole purpose the support of
19 recognized fairs or the network of California fairs.